

NSP GRANT SUBMISSION TEMPLATE
& CHECKLIST

NSP grant allocations can be requested by submitting a paper NSP Substantial Amendment or a form under the Disaster Recovery Grant Reporting (DRGR) system. This template sets forth the suggested format for grantees under the NSP Program. A complete submission contains the information requested below, including:

- (1) The NSP Substantial Amendment (see below)
- (2) Signed and Dated Certifications (see below)
- (3) Signed and Dated [SF-424](#).

Grantees should also attach a completed NSP Substantial Amendment Checklist to ensure completeness and efficiency of review (see below).

THE NSP SUBSTANTIAL AMENDMENT

Jurisdiction(s): Urban County of Macomb (identify lead entity in case of joint agreements)	NSP Contact Person: Michael Rozny
Jurisdiction Web Address: www.macombcountymi.gov/mcped (URL where NSP Substantial Amendment materials are posted)	Address: 7th Floor, Administration Building One South Main St. Mt. Clemens, MI 48043
	Telephone: 586/469/6451
	Fax: 586/469/6787
	Email: Mike.Rozny@macombcountymi.gov

A. AREAS OF GREATEST NEED

Provide summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction.

Note: An NSP substantial amendment must include the needs of the entire jurisdiction(s) covered by the program; states must include the needs of communities receiving their own NSP allocation. To include the needs of an entitlement community, the State may either incorporate an entitlement jurisdiction's consolidated plan and NSP needs by reference and hyperlink on the Internet, or state the needs for that jurisdiction in the State's own plan. The lead entity for a joint program may likewise incorporate the consolidated plan and needs of other participating entitlement jurisdictions' consolidated plans by reference and hyperlink or state the needs for each jurisdiction in the lead entity's own plan.

HUD has developed a foreclosure and abandonment risk score to assist grantees in targeting the areas of greatest need within their jurisdictions. Grantees may wish to consult this data [LINK – to HUD USER data], in developing this section of the Substantial Amendment.

Response: *Macomb County identified the areas of greatest need using a matrix that combined HUD's foreclosure data with data developed by the Macomb County Department of Planning and Economic Development, and its Clerk's and Treasurer's offices. In conformance with HERA, the matrix ranks distress levels for each community using the following criteria; 1) the number of foreclosures, 2) the number of predicted foreclosures, and 3) the number of sub-prime loans. The maximum possible score is 14 points. Community scores ranged from 13.5 to 0.5, but there was a clear point of demarcation below 7.5. The County will therefore allocate funds directly to those communities (Eastpointe [13.5 pts.], Mt. Clemens [10 pts.], and Center Line [7.5 pts]) with distress scores at or above that level¹. The 7.5 score therefore formed the cutoff for targeting the NSP funds. Using the overall distress rankings obtained, and considering population, these three communities will be targeted for concentrated assistance. The needs data is provided below.*

¹ *Two out-of-formula communities (Roseville and St. Clair Shores) also scored highly, but are expected to apply for State of Michigan NSP funds. If unsuccessful, they could apply to the County. Although not considered further in this application at this time, they might, participate at a later date. The County will collaborate with them if and as necessary to ensure successful program implementation.*

General Community Information				# FC Properties (X5)				#2 Projected Foreclosures (X5)					#3 % Subprime Loans (X4)		Other (X0)	
Community (CVT)	Total # Housing Units	# Sheriff Deeds Issued	SD % of TOTAL	SD Past Re-dempt (2)	% PR of Total # SD (2)	Residential Vacancy Rate (1)	Score	SD in Redemp (2)	% Projected FC over 18 months (1)	Risk FC / Abandonment (1)	Unemployment (1)	Score	HMDA High Cost Loans	Score	LMMI Areas unless Indicated "NO"	Total Score/Rank
EASTPOINTE	12,283	1357	11.05%	1104	8.99%	7.8% - 2.1%	4.5	253	10% - 12.6%	9, 10	9.9%	5	35.7% - 50.7%	4		13.5
NEW HAVEN	1,139	104	9.13%	73	6.41%	6.60%	2.5	31	9.4%	10		1.5	32.50%	1		5
ROSEVILLE	17,063	1244	7.29%	992	5.81%	2.2% - 7.2%	4.5	252	8.3% - 11.6%	8, 9, 10	13.5%	5	25.6% - 44.3%	3		12.5
MOUNT CLEMENS	7,005	411	5.87%	327	4.67%	3.6% - 9.5%	4	84	8.5% - 12.7%	8, 10		2	38.0% - 51.9%	4		10
SHELBY TWP	18,393	670	3.64%	477	2.59%	0.2% - 7.0%	2.5	193	5.0% - 7.7%	5, 6, 7, 8, 9		2	7.1% - 22.7%	1		5.5
CHESTERFIELD TWP	12,291	729	5.93%	562	4.57%	0.6% - 3.9%	3	167	6.4% - 7.4%	2, 6, 7, 8		1.5	15.3% - 21.3%	0		4.5
CENTERLINE	3,424	175	5.11%	139	4.06%	3.9% - 6.3%	2.5	36	10.3%	9		2	37.9 - 38.0%	3		7.5
HARRISON TWP	8,022	347	4.33%	276	3.44%	1.9% - 5.2%	1.5	71	3.8% - 8.1%	2, 7, 9		1	15.1 - 25.2%	2		4.5
MACOMB TWP	17,402	761	4.37%	539	3.10%	0.5% - 3.7%	2	222	5.7% - 7.2%	5, 6, 7		2	11.4% - 16.1%	1		5
WASHINGTON TWP	5,290	234	4.42%	154	2.91%	0.6% - 4.4%	0	80	0.6% - 1.4%	5, 6		0	9.6% - 18.7%	1		1
RICHMOND	2,426	92	3.79%	70	2.89%	5.4%	0.5	22	7.8%	9		1	23.60%	1	No	2.5
NEW BALTIMORE	4,687	190	4.05%	144	3.07%	2.5%	1	46	7.1%	7		0.5	19.50%	0		1.5
FRASER	4,760	166	3.49%	123	2.58%	1.5% - 3.5%	0	43	6.5% - 8.6%	7, 8		1	15.9% - 27.8%	2		3
ARMADA	887	30	3.38%	23	2.59%	1.5%	0	7	6.8%	7		0.5	17.70%	0		0.5
ROMEO	1,698	55	3.24%	41	2.41%	4.4%	0	14	7.0%	8		0.5	18.70%	0		0.5
ST CLAIR SHORES	20,898	1007	4.82%	801	3.83%	0.3% - 3.6%	3	206	6.7% - 9.1%	6, 7, 8	10.2%	3	13.6% - 29.8%	2		8
MEMPHIS (pt)	551	12	2.18%	10	1.81%	2.2%	0	2	7.2%	7		0.5	19.80%	0		0.5
UTICA	2,179	51	2.34%	25	1.15%	3.4% - 3.5%	0	26	7.0% - 8.4%	7, 8		0.5	18.5% - 26.7%	2		2.5
RICHMOND TWP	1,626	33	2.03%	24	1.48%	2.2%	0	9	7.2%	7		0.5	19.80%	0		0.5
ARMADA TWP	1,686	34	2.02%	23	1.36%	1.5%	0	11	6.8%	7		0.5	17.70%	0	No	0.5
BRUCE TWP	3,485	57	1.64%	41	1.18%	1.8% - 7.8%	0.5	16	1.8% - 7.8%	6, 9		1	11.30%	0		1.5
RAY TWP	1,978	30	1.52%	23	1.16%	2.3%	0	7	6.7%	7		0.5	16.90%	0	No	0.5
LENOX TWP	2,561	32	1.25%	27	1.05%	2.9% - 6.6%	0.5	5	6.5% - 9.4%	7, 10		1.5	15.7% - 32.5%	2		4
151,734				7,821	5.15%	6,018	3.97%	1,803								
Foreclosure Data: Sheriff Deeds provided by MCDPED, Residential Vacancy Rates provided by USPS via US. DHUD Ranking Criteria: $\frac{SD}{PR} > 750 = 2 \text{ pts.}, > 300 < 750 = 1 \text{ pt.}, < 300 = 0 \text{ pts.}$ $\frac{PR}{\text{as \% of County Total}} > 5.0\% = 2 \text{ pts.}, < 5.0\% \text{ but } > 3.0\% = 1 \text{ pt.}$ $\frac{\text{Residential Vacancies}}{\text{Total}} > 7.9\% = 1 \text{ pt.}, 7.9\% - 5.0\% = 1/2 \text{ pt.}$				Projected Foreclosure Data: Sheriffs Deeds: MCDPED, Other data: U.S. DHUD. Ranking Criteria: Sheriffs Deeds in Redemption: 200+ units = 2 pts., 150-200 units = 1 pt., > 150 units = 0 points Projected FC, (18 Months) 10.9% - 14.8% = 1 point, 8.5% - 10.8% = 1/2 point, < 8.4% = 0 pts. Risk of FC / Aban: 9-10 = 1 pt., 7-8 = 1/2 pt., < 7 = 0 pts. Unemployment: 1 point awarded to localities over 9.7% rate								Subprime Loan (Home Mortgage Disclosure Act) and LMMI Data: US DHUD. Ranking Criteria: 45.5% - 63.2% = 4 points 33.1% - 45.4% = 3 points 24.1% - 33.0% = 2 points 20.0% - 24.0% = 1 point Points awarded based on highest concentration of sub-prime loans.				
Macomb County Needs Matrix Data Table																

B. DISTRIBUTION AND USES OF FUNDS

Provide a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures. **Note:** The grantee's narrative must address these three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

Response:

Distribution: The matrix shows high degrees of foreclosure-induced distressed in Eastpointe, Mt Clemens, and Center Line. Their populations are rough multiples of each other, increasing by a factor of 2 from Center Line to Mt. Clemens, and then to Eastpointe. Their distress levels follow a similar pattern, but one that increases by 50%, rather than doubling. These two patterns resulted in the weights applied to determine the NSP funding levels for each community. Center Line received 1 pt., the baseline, Mt. Clemens, 2 pts., is twice that of Center Line, and Eastpointe, 4 pts., is twice that of Mt. Clemens. By adding the weights, a factor of 7 was derived. A total of \$5,273,303 has been exclusively allocated for targeted communities. Simple math was then used to obtain grant amounts, shown in the table below.

COMMUNITY	POPULATION ²	NEEDS SCORE	WEIGHTED RATIO	TARGET ALLOCATION
Eastpointe	33,145	13.5	4	\$3,013,319.00
Mt. Clemens	16,894	10.0	2	\$1,506,658.00
Center Line	8,297	7.50	1	\$ 753,326.00
Totals	60,344		7	\$5,273,303.00

² Source: July 2008 population estimates compiled by the Southeast Michigan Council of Governments.

Macomb County is aware of the very high performance expectations established by Congress. Should the rate of NSP obligations or completions be jeopardized in these communities, the County will redirect funds to other projects in the communities, or to the next two distress-ranked communities, Shelby Township [5.5 pts], and the Village of New Haven [5.0 pts.]. The Urban County expects the majority of foreclosed and abandoned properties to be located in its target areas although some may be located in other, non-targeted areas. The following table shows the general distribution of funds within the Urban County jurisdiction.

Targeting and Beneficiary Considerations 2008 Macomb County NSP	
\$9,765,375.00 – Macomb County NSP Grant Allocation	
< 976,537.00> (10% planning and administration & exempt from calculation)	
\$8,788,838.00 – reserved for NSP projects	
<3,515,535.00> 40% of NSP grant available for LMMI homebuyer assistance throughout the County	
\$5,273,303.00 – 60% of NSP grant available exclusively in high-distress communities ³	
\$2,197,209.50 – reserve for projects benefiting persons ≤ 50% AMI	

The NSP will be support the following specific activities:

PROPOSED NSP ACTIVITIES				
Activity	Description	Budgeted	Accomplishments	Start/End Dates
N8-21-01	Homebuyer Assistance – See Section C, County Definitions below. Location throughout the Urban County's jurisdiction.	\$3,515,535.00	78 homes for LMMI and LI households within the Urban County jurisdiction.	Start 2/28/09 End 7/01/12
N8-21-07	Planning and Administration.	\$976,537.00	Well-Executed Program	Same
N8-01-01	Homebuyer & Rehabilitation Assistance- City of Eastpointe	\$2,803,315.00	70 homes	Same
N8-01-02	Demolition: City of Eastpointe	\$210,00.00	20 homes	
N8-02-01	Homebuyer & Rehabilitation Assistance- City of Mt. Clemens	\$1,146,658.00	10 homes	Same
N8-02-02	Demolition: City of Mt. Clemens	\$360,000.00	35 homes	Same
N8-03-01	Homebuyer & Rehabilitation Assistance- City of Center Line	\$643,330.00	16 homes	Same
N8-03-02	Demolition: City of Center Line - See preceding activity description.	\$110,000.00	10 homes	Same
	Activity Totals	\$9,765,375.00		

All activities are detailed in Section G of this application.

³ Each activity will benefit an income-eligible homebuyer (LMMH) or obtain an area benefit due to restrictions limiting demolition activities to LMMI census tracts and block groups.

C. DEFINITIONS AND DESCRIPTIONS

- (1) Definition of “blighted structure” in context of state or local law.

Response: *A structure is blighted when 1) it has deteriorated to the point where it constitutes a threat to human health, safety, and public welfare (as determined by the municipal building official) and the estimated cost of repair to correct those deficiencies exceeds 50% of the structure’s State Equalized Value (SEV), 2) it constitutes a nuisance to the public, or 3) it is structurally and/or functionally obsolete and therefore no longer has a useful purpose.*

- (2) Definition of “affordable rents.” **Note:** Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program – specific requirements such as continued affordability.

Response: *The County will provide, as a priority, homebuyer assistance in its NSP. It does not therefore intend to undertake rental projects at this time. If it did, however, the County would adhere to the term “affordable rent” as outlined in HOME Regulation 24CFR 92.252 (a), which limits rents to the lesser of the Fair Market Rents established for the area, or 30% of annual income for households whose incomes do not exceed 65% of Area Median Income.*

- (3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

Response: *Macomb County will apply the affordability standards at 24CFR 92.252 (e) and (f) for rental properties and, for homebuyers, at 24CFR 92.254 (a) (1), (2), (4) and (5)(ii) (A) (1). Specifics follow:*

a. Homebuyers assisted will receive one or two loans that will not require repayment until Mortgage default, as described previously. One, a Shared Appreciation Second Mortgage, will be repaid with interest, or partially forgiven. The other, Forgivable Housing Rehabilitation Mortgage, will be totally forgiven upon Mortgagor satisfaction of ownership and occupancy over the 15-year period of affordability.

b. The intent behind a rental housing activity is to create permanently affordable housing for LI renter households. Rental assistance, if provided, will involve a partnership with a public housing commission or other non-profit provider sharing this objective. If the former, the units assisted would become public housing and would be subject to commission rules and policies to guarantee affordability. If the latter, the properties acquired and rehabilitated would be secured by a second mortgage to guarantee affordability. Failure by any partner to comply would result in default and require repayment of the assistance provided.

- (4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Response: *The County will use the rehabilitation standard cited in its housing rehabilitation manual. The manual cites the State of Michigan Residential Building Code (for existing dwelling units) and, when applicable, HQS standards.*

Macomb County NSP Definitions: *In addition to the above definitions, the County has provided basic terms that will govern its Homebuyer Purchase and Rehabilitation Assistance Program.*

Purchase Price: *Amount needed to acquire a home including reasonable closing costs*

Rehabilitation Costs: *Amount of Rehabilitation Contract and any used contingency amounts for repairs needed to make the home decent, safe and habitable and in compliance with State Building Code and any amounts for energy efficiency items decided upon by the homeowner. In no event will the Rehabilitation Costs exceed 49% of the Purchase Price.*

Hard Costs: *The sum of the Purchase Price and the Rehabilitation Costs for a property. The maximum Hard Costs for a home receiving NSP assistance is \$226,100.*

Shared Appreciation Second Mortgage: Mortgage given to an NSP beneficiary using NSP funds in order to purchase a home to be used as a primary residence by an eligible NSP applicant. Mortgage is limited to 49% of the Purchase Price. The Shared Appreciation Second Mortgage will carry a 0% interest rate and any payments on the mortgage will be deferred until mortgage default occurs. Default will occur and the mortgage will be due and payable should the property cease to be the primary residence of the borrower, or if the home is rented, sold or title is transferred. Upon default, the amount due will be equal to a percentage of the sales price or if it does not occur at sale, the current appraised value. This percentage of the sales price or current appraised value will be equal to the percentage of the original Purchase Price that was originally financed by the NSP Shared Appreciation Second Mortgage. The amount due will therefore reflect the appreciation or the possible depreciation of the property. In no event will the NSP share of appreciation exceed 6% per annum of the original principal amount of the mortgage compounded over the lifetime of the mortgage.

Forgivable Housing Rehabilitation Mortgage: Mortgage given to an NSP beneficiary using NSP funds in order to finance Rehabilitation Costs. The Maximum amount of mortgage will be limited to an amount, which when added to the amount of Shared Appreciation Second Mortgage, will be less than 49% of the hard costs. The Forgivable Housing Rehabilitation Mortgage will carry a 0% interest rate and any payments on the mortgage will be deferred until mortgage default occurs. Default will occur and the mortgage will be due and payable should the property cease to be the primary residence of the borrower, or if the home is rented, sold or title is transferred. If upon default more than 15 years has expired since the signing of the mortgage, the mortgage loan will be forgiven and discharged. If upon default less than 15 years has expired since the signing of the mortgage, the loan will be due and payable in full at that time.

Soft Costs: Amounts used to finance and implement distribution of NSP funds on a particular property. These amounts include but are not limited to appraisals, homebuyer counseling, housing inspections, lead based paint inspections and clearances, costs of staff time involved in the activity delivery, office expenses, necessary mileage charges and other costs necessary to the administration and completion of a home purchase and rehabilitation of the home. These amounts will be financed with NSP funds but will not be charged to the homebuyer nor require repayment.

Development Costs: The sum of Hard Costs plus Soft Costs

D. LOW INCOME TARGETING

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income: *\$34,950 for a 4 person household for the Detroit-Livonia-Warren metropolitan area.*

Note: At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income.

Response: *Macomb County will ensure that a minimum of \$2,197,210 is used to benefit households ≤ 50% AMI. The income limits, based on household size, follow⁴:*

1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
\$24,450	\$27,950	\$31,450	\$34,950	\$37,750	\$40,550	\$43,350	\$46,150

The County's NSP will primarily assist homebuyers. Staff will verify the income-eligibility of all potential homebuyers and will therefore be able to monitor progress in meeting the LI benefit objective. Should that become doubtful, the County would investigate root cause, and adjust its activities accordingly, possibly

⁴ Source: U.S. Department of Housing and Urban Development, HUD Section 8 Income Limits for the Detroit-Warren-Livonia metro area.

through implementing the rental activities already described. The County will advise HUD of any changes to objectives and/or activities through the DRGR.

E. ACQUISITIONS & RELOCATION

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e., $\leq 80\%$ of area median income).

If so, include:

- The number of low- and moderate-income dwelling units—i.e., $\leq 80\%$ of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., $\leq 120\%$ of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.

Response: *Metropolitan Detroit, like other metropolitan areas, has a large and increasing number of vacant homes and too few buyers for them. It is unique, however, in that its economic base, heavy manufacturing, is at extreme risk. This could, in a worst-case scenario, cause further and extensive population decline and leave immense numbers of homes vacant and deteriorating. It would also compromise Regional economic viability and growth for years. Prices will decline and remain depressed until the economy recovers. Increased availability and reduced prices would predict that it is highly unlikely that the number of dwelling units affordable to low- and moderate-income households will diminish.*

Physical conditions in some neighborhoods therefore demand some demolition in the target communities. All have older and modest housing units, and all have blighted properties that are beyond repair, or which threaten to further erode the surrounding neighborhoods. It is reasonable to assume that most, if not all, are affordable to LMMI households, and are therefore subject to the preceding question, which is answered as follows:

- *We may demolish as many as 65 homes with NSP funds.*
- *We may provide 174 units of vacant and foreclosed housing to LMMI households with NSP funds.*
- *Roughly one-quarter of the total number of units to be provided to LMMI households will be reserved for LI families.*

As indicated, there should be no decrease in the number of housing units affordable to LMMI households as a result of NSP-assisted demolition.

Macomb County does not intend to engage in any activity that would trigger the Uniform Acquisition and Relocation Act. Should that inadvertently happen, however, compliance would be obtained.

F. PUBLIC COMMENT

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

Response: *Tin addition to posting the Substantial Amendment on the County's website, it consulted with member and peer communities, and with select stakeholders to obtain feedback concerning the program.*

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

Activity 1

- (1) Activity Name: ***Homebuyer Purchase and Rehabilitation Assistance N8-21-01***
- (2) Activity Type: (include NSP eligible use & CDBG eligible activity) ***NSP Eligible Use (A), CDBG Regulations 570.201 (n) and 570.202***
- (3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income). ***LMMH***
- (4) Projected Start Date: ***2/28/09 (Launch)***
- (5) Projected End Date: ***7/01/12 (Complete)***
- (6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information) ***Macomb County Department of Planning and Economic Development, One South Main St., Mt. Clemens, MI 48043, Michael Rozny, Manager, Community Development***
- (7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.) ***As indicated previously, 40% of the NSP (minus planning & administration) may be used throughout the Urban County. A total of \$4,593,303 is exclusively targeted for this activity in Eastpointe, Center Line, and Mt. Clemens.***
- (8) Activity Description:
Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

Homebuyer purchase and housing rehabilitation assistance – This activity will consist of three components: 1) a Shared Appreciation Second Mortgage, to reduce the purchase price on a foreclosed property; 2) a Forgivable Housing Rehabilitation Mortgage, if required to meet State Building code, as defined previously, and 3) Soft Costs. NSP hard costs will be secured by second and third mortgages on the property.

Homebuyers seeking NSP assistance will complete an application and submit documentation to the Macomb County Planning and Economic Development Department. The following process will be followed:

- *Establish applicant eligibility, considering income and assets. The County will calculate income using IRS Form 1040 Adjusted Gross Income Method. Applicant incomes must fall below 120 percent of area median income. The applicant cannot have current liquid assets exceeding \$50,000.00, and cannot currently own a home.*
- *Local partners, including HUD-approved counseling agencies and local lenders, will also evaluate the applicant's credit-worthiness. The applicant must complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency. The applicant must also be approved by a lender for a fixed rate loan, at or near the best available conventional rate, including FHA-insured mortgages and MSHDA mortgages, for a term not to exceed 40 years.*
- *The lender must provide a written statement consenting to placing a Shared Appreciation Second Mortgage (see County definitions above), payable to the County of Macomb, on any property that the first mortgage would be used to purchase.*

- *Based on the amount of loan pre-approved, the applicant will receive a list of potential foreclosed and abandoned single family properties, including HUD-owned properties, from lists of tax and mortgage foreclosures, the HUD website, local records and neighborhood research. The applicant may also identify a foreclosed, abandoned property of his/her choosing for purchase.*
- *All properties will have been pre-negotiated to be available for sale at a discount from their current appraised value. The average purchase discount required from the seller will be 15% from the current appraised market value (CMAV), with few exceptions made in extraordinary instances. In no instance would the discount fall below 5% of CMAV. The maximum purchase price, after discount, may not exceed 125% of the amount of mortgage for which the potential beneficiary has been pre-approved.*
- *The NSP Shared Appreciation Second Mortgage will reduce interest rates, mortgage principal, and pay reasonable closing costs, thereby achieving the long-term affordability objective.*
- *Housing units acquired through the program may require rehabilitation in order to make them decent, safe, habitable and in compliance with the State's Building Code (see County definitions above). The County will therefore provide a Forgivable Housing Rehabilitation Mortgage for eligible Rehabilitation Costs secured by a lien on the property.*
- *The amount of the Shared Appreciation Second Mortgage will not, when added to the Forgivable Housing Rehabilitation Mortgage (see County definitions above), exceed 49% of hard costs. The maximum Hard Costs (see County definitions above) for a home receiving NSP assistance is \$226,100.*

County Staff will assist in: application preparation, determining applicant eligibility, property inspections, cost estimates, contractor bid process, preparing construction contract, an inspection to ensure contract compliance. These are considered Soft Costs (see County definitions above), and will not be repaid by the NSP beneficiary.

For housing related activities, include:

- *tenure of beneficiaries--rental or homeownership; the NSP will assist households that do not currently own homes and intend, after purchase, to own and occupy their homes indefinitely.*
- *duration or term of assistance; the Shared Appreciation Second Mortgage will be effective while the homebuyer owns and occupies the property. It will be repayable upon sale, transfer, or default. The Forgivable Housing Rehabilitation Mortgage will be forgivable provided that the owner owns and occupies the property for the 15-year period of affordability. Specifics for a rental program have not been determined due to the priority for homebuyer assistance.*
- *a description of how the design of the activity will ensure continued affordability. Neither loan requires amortization until the property is sold, transferred, or the owner defaults. The Rehabilitation loan is completely forgivable if the owner remains in place for 15 years. The amounts are flexible to accommodate the buyer's income and preference. The rehabilitation loan, for example, allows the buyer the option of installing energy-saving improvements.*

For acquisition activities, include:

- *discount rate An overall purchase discount of 15% will be charged pursuant to NSP regulation J. The County will ensure a minimum 5% discount on select properties, if warranted, but will achieve the overall discount rate through corresponding increased discounts on other loans.*

For financing activities, include:

- *range of interest rates The Shared Appreciation Second Mortgage is repayable, as defined previously. The Forgivable Housing Rehabilitation Mortgage is deferred and carries no interest. It is also completely forgivable after 15 years.*

I. **Total Budget:** (Include public and private components) *Projected costs follow. The program is not expected to quickly generate program income, and none is therefore included in the budget.*

<i>HOME ACQUISITION PROGRAM</i>	<i>NSP</i>	<i>PRIVATE</i>
<i>Homebuyer Assistance⁵</i>	<i>\$3,515,535.00</i>	<i>\$4,696,856.00</i>
<i>Targeted Homebuyer Assistance⁶</i>	<i>\$4,593,303.00</i>	<i>\$7,045,284.00</i>
<i>Total Activity Budget (\$19,080,978.00)</i>	<i>\$8,108,838.00</i>	<i>\$11,742,140.00</i>

Macomb County does not expect to generate a significant amount of revenue (program income) from the NSP, but would invest them into other eligible NSP projects, if received before July 30, 2013 or return them to the US Treasury, if received after that date, pursuant to NSP regulation N 1 and 2, as appropriate.

J. **Performance Measures** (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

Total Number of Units to be acquired and rehabilitated: 174

Total Number of Units assisting Persons \leq 120% AMI: 174 (includes households \leq 50% AMI)

Total number of units assisting households \leq 50% AMI: 44

Activity 2

(1) **Activity Name:** *Property Demolition (N8- [0, 02, and 03] -01)*

(2) **Activity Type:** (include NSP eligible use & CDBG eligible activity) *NSP Eligible Use (D), CDBG Regulations 570.201 (d)*

(3) **National Objective:** (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., \leq 120% of area median income). *LMMA – This activity is restricted to eligible Census Tract and Block Group areas.*

(4) **Projected Start Date:** *2/28/09 (Launch)*

(5) **Projected End Date:** *7/01/12 (Complete)*

(6) **Responsible Organization:** (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information) *Demolition will be jointly managed by either Macomb County DPED staff or staff of the targeted municipalities. Macomb County Department of Planning and Economic Development, One South Main St., Mt. Clemens, MI 48043, Michael Rozny, Manager, Community Development.*

(7) **Location Description:** (Description may include specific addresses, blocks or neighborhoods to the extent known.) *Its is too early to provide specific addresses, but demolition is limited to the Cities of Eastpointe, Mt. Clemens, and Center Line, all are foreclosure distressed and most, if not all, of each jurisdiction is at or below 120% of AMI. Demolition is restricted to qualifying census tracts and block groups. See attached maps showing LMMI areas.*

(8) **Activity Description:**

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income

⁵ *Estimated at 40% of NSP grant, excluding planning & administration.*

⁶ *Includes allocations for homebuyer assistance in Center Line, Eastpointe, and Mt. Clemens.*

housing requirement for those below 50% of area median income. *The Cities of Center Line, Eastpointe, and Mt. Clemens indicate a need to demolish blighted structures that threaten to further erode the neighborhood viability. The County has therefore allocated funds for this purpose. The average estimated per unit cost is \$10,000, excluding reasonable, documented activity delivery charges incurred by community and County staff implementing this activity. No re-use is anticipated for the foreseeable future.*

This activity carries risk since the municipality involved would use its powers to demolish privately-held property. Demolition will be limited to instances where neglect and/or abuse require intervention to preserve public safety and/or neighborhood integrity, and will be implemented in conformance with established, acceptable local procedures. The County will require due care before authorizing any demolition. NSP procedures and safeguards have yet to be developed.

For housing related activities, include: *Not applicable for demolition activities.*

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include: *Not applicable for demolition activities.*

- discount rate

For financing activities, include: *Not applicable for demolition activities.*

- range of interest rates

I. Total Budget: (Include public and private components) *Projected costs are outlined below: This activity should not generate program income, and none is therefore included in the budget.*

	<i>NSP</i>	<i>PRIVATE</i>
<i>Demolition of Blighted Properties</i>	<i>\$680,000⁷</i>	<i>\$0.00</i>

J. Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

Total Number of Units to be demolished: 65

Total Number of Units assisting Persons ≤ 120% AMI: Since demolition is limited to qualifying census tract and block group areas, it is assumed that both the LMMI and AMI targets will be met.

Activity 3

(1) Activity Name: ***Program Planning & Administration (N8-21-7A)***

(2) Activity Type: (include NSP eligible use & CDBG eligible activity) *NSP Citation (H), CDBG Regulations 570.205 and 570.206*

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income). *Presumed*

(4) Projected Start Date: *10/12/08 (Launch)*

(5) Projected End Date: *7/01/12 (Complete)*

(6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information) *Macomb County Department of*

⁷ *Excludes activity delivery charges*

Planning and Economic Development, One South Main St., Mt. Clemens, MI 48043, Michael Rozny, Manager, Community Development

(7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.) *One South Main St., Mt. Clemens, MI 48043*

(8) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income. *Planning and Administration – Ten percent of the grant has been reserved to cover legitimate costs of program planning and implementation. Anticipated costs include salaries and benefits, mileage, office expenses, and contractual help if and as necessary, e.g. appraisers and rehabilitation inspectors) deemed necessary to implement the program and achieve compliance with law and regulation.*

For housing related activities, include: *N/A*

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include: *N/A*

- discount rate

For financing activities, include: *N/A*

- range of interest rates

I. Total Budget: (Include public and private components) *Projected costs are outlined below:*

	<i>NSP</i>	<i>PRIVATE</i>
<i>Planning & Administration</i>	<i>\$976,537.00</i>	<i>\$0.00</i>

J. Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

A well-planned and executed program.

Certifications

- (1) **Affirmatively further fair housing.** The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (3) **Authority of Jurisdiction.** The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.
- (5) **Acquisition and relocation.** The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.
- (6) **Section 3.** The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (7) **Citizen Participation.** The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.
- (9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.
- (10) **Use NSP funds \leq 120 of AMI.** The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income.
- (11) **Assessments.** The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.
- (12) **Excessive Force.** The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable

State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** The NSP grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) **Compliance with lead-based paint procedures.** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws.** The jurisdiction will comply with applicable laws.

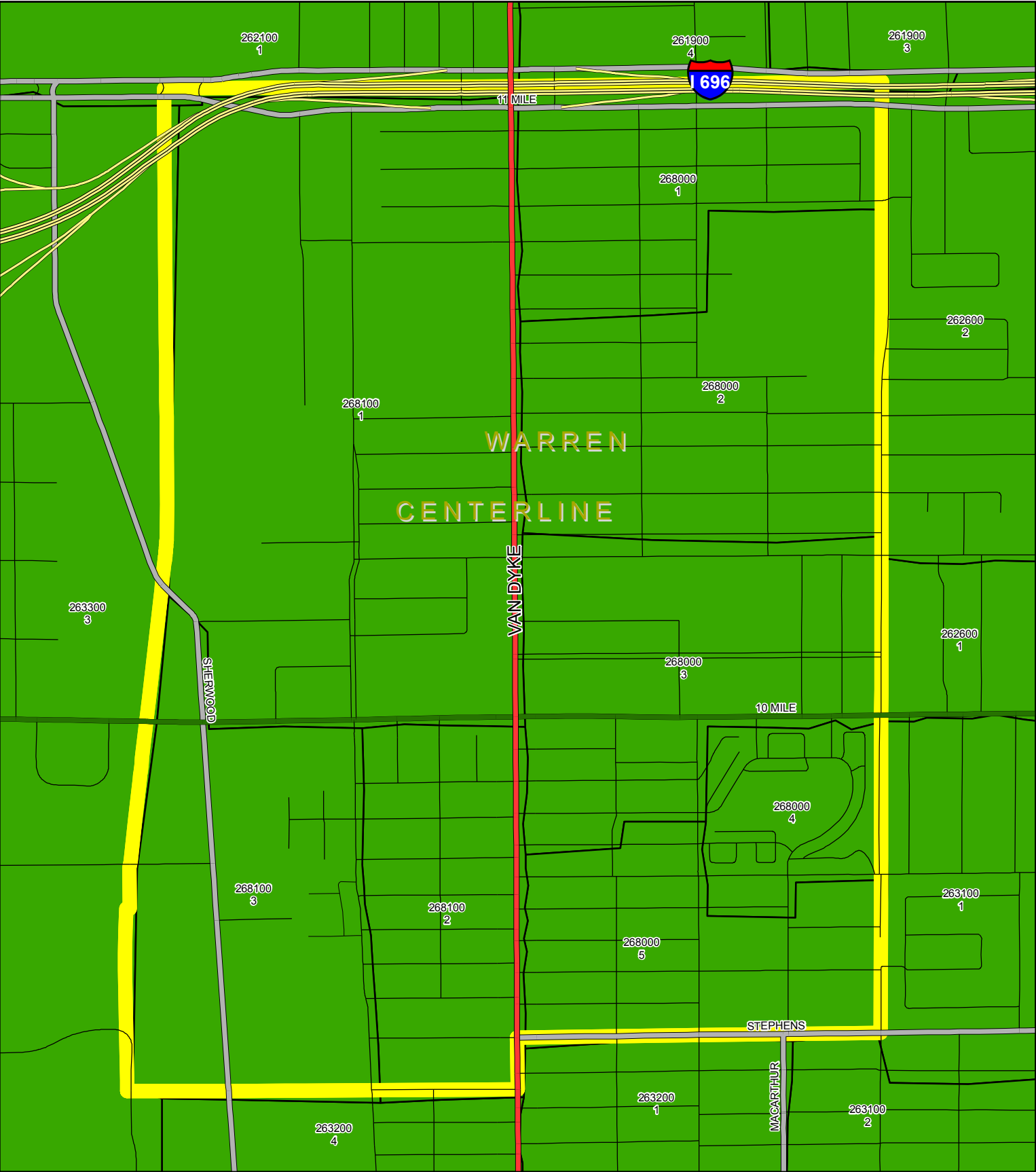
Signature/Authorized Official

Date

Title

HUD Neighborhood Stabilization Program Eligibility by Income Level

(51% of Persons in Block Group Parts with 2000 Incomes < 120% of Area Median Income)



Legend

Municipal Boundaries

Middle-Low Mod Eligible

Middle to Low-Mod Eligible Areas

YES

NO

123400 U.S. Census Bureau Tract & Block Group Part Numbers
2

Source: HUD 2008 - Neighborhood Stabilization
Program Supporting Data Set "MI 120 LM"

(51% of Persons in Block Group Parts with 2000 Incomes < 120% of Area Median Income)



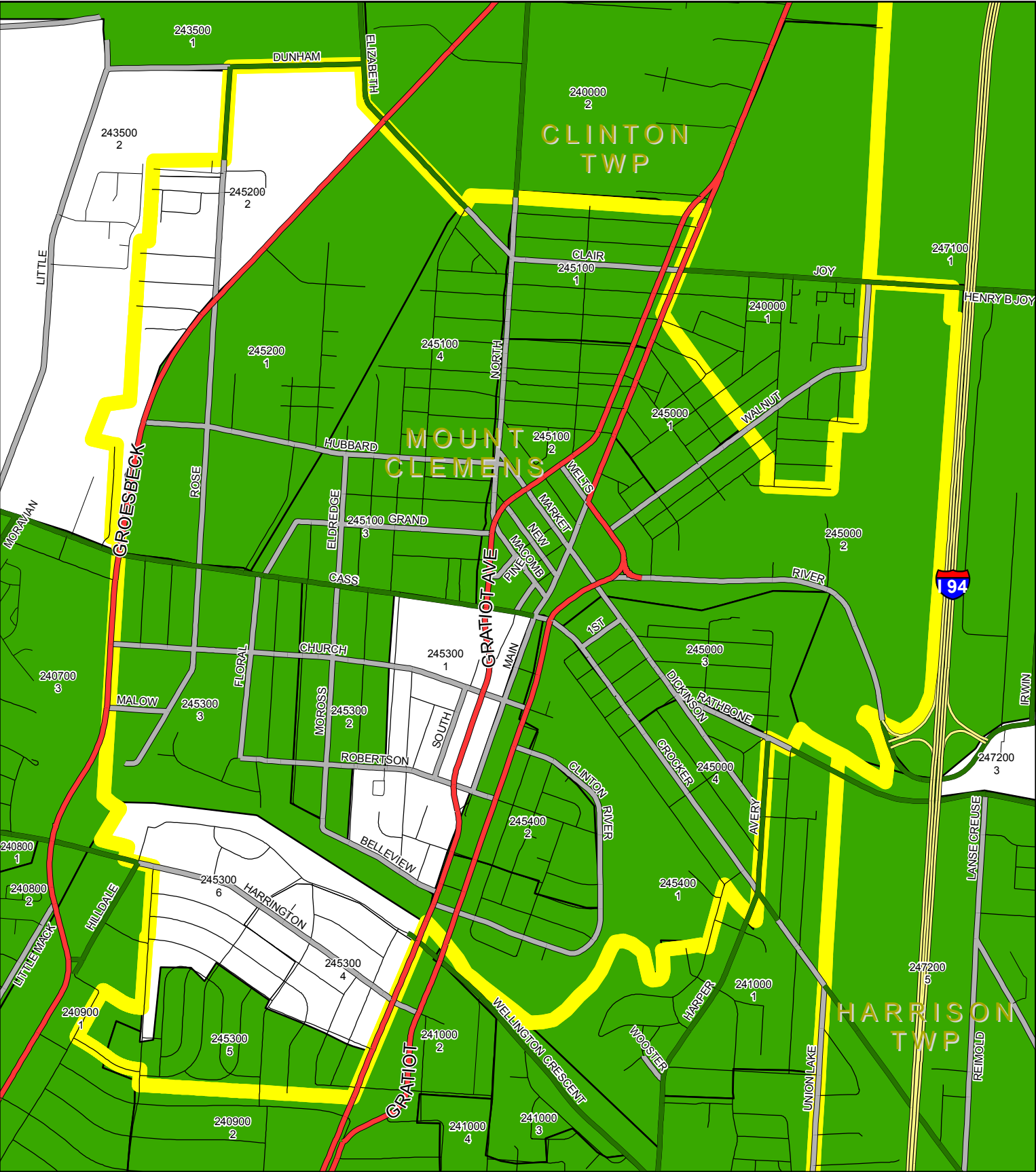
Middle to Low-Mod Eligible Areas

 YES
 NO

Source: HUD 2008 - Neighborhood Stabilization Program Supporting Data Set "MI 120 LM"

HUD Neighborhood Stabilization Program Eligibility by Income Level

(51% of Persons in Block Group Parts with 2000 Incomes < 120% of Area Median Income)



Legend

Municipal Boundaries

Middle-Low Mod Eligible

Middle to Low-Mod Eligible Areas

YES

NO

123400 2 U.S. Census Bureau Tract & Block Group Part Numbers

Source: HUD 2008 - Neighborhood Stabilization Program Supporting Data Set "MI 120 LM"